

Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 AID-05 IGA-01 L-02 EB-07 OES-05 COME-00

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O 171445Z JAN 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC IMMEDIATE 1491

UNCLAS CAIRO 0575

E.O. 11652: NA

TAGS: EAID EG

SUBJECT: PL 480 TITLE I WHEAT - L/C FOR MARYLAND TRADER

REF: STATE 10213 AND PREVIOUS

SUMMARY: EMBOFF MET WITH MARTRANS OFFICIALS JAN 16 TO FOLLOW UP DISCUSSION OF L/C PROBLEMS OF MARYLAND TRADER. L/C PROBLEMS WE HAVE BEEN EXPERIENCING ARE STRICTLY BUREAUCRATIC. THIS MESSAGE CONTAINS RECOMMENDATIONS FOR ALLEVIATING PROBLEM.

1. NEITHER MARTRANS NOR BANKS WITH WHICH THEY DEAL IN OPENING LETTERS OF CREDIT FOR PL 480 FREIGHT ARE ABLE TO ACT QUICKLY. MARTRANS REQUEST FOR L/C TO BE OPENED GOES FIRST TO BANQUE DU CAIRE, LEGALLY DESIGNATED MARTRANS AGENT. BANQUE DU CAIRE MUST THEN REQUEST FUNDS FROM NATIONAL BANK WHICH IN TURN MUST GET ALLOCATION FROM CENTRAL BANK. DUE TO CHRONIC HARD CURRENCY SHORTAGE, CENTRAL BANK JUGGLES SHORT TERM COMMITMENTS AND LIABILITIES ON DAILY BASIS, IGNORING ANY AND ALL PROTESTATIONS, EXCEPT FROM MINISTER OF FINANCE, HIMSELF. AS MARTRANS OFFICIAL POINT OUT THEY CANNOT DEAL WITH LETTER OF CREDIT PROBLEMS DIRECTLY WITH MINISTER.
2. IN CASE MARYLAND TRADER, MARTRANS BEGAN PROCESS OF REQUESTING LETTER OF CREDIT ON JAN 4. OBVIOUSLY, THEN THEY KNEW THAT

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L/C COULD NOT POSSIBLY HAVE BEEN OPENED BY JAN 8, BUT IN EGYPTIAN

FASHION THEY DESIGNED TO GIVE NEGATIVE INFORMATION. THEY WERE SURPRISED, HOWEVER, THAT L/C HAD NOT YET BEEN OPENED AND CALLED TO FIND STATUS OF APPLICATION. APPLICATION ARRIVED ONLY JAN 16 AT CENTRAL BANK, LAST STOP ON WAY TO APPROAL. MARTRANS AUTHORITIES PUSHED CENTRAL BANK OFFICE RESPONSIBLE IN EMBOFF'S PRESENCE, BUT COULD GET ONLY PROMISE TO EXPEDITE MATTER, WITH HOPE THAT L/C WOULD BE ISSUED JAN 18 (BANKS CLOSED JAN 17).

3. EMBOFF ALSO REMINDED MARTRANS OF 100 PERCENT REQUIREMENT. MARTRANS OFFICIALS SAID MARYLAND TRADER L/C IS FOR ONLY 90 PERCENT, AS REPORTED CAIRO 168, AND THAT WITHDRAWAL OF APPLICATION FOR AMENDMENT AT THIS POINT WOULD ONLY MEAN FURTHER DELAY. EMBOFF AGREED THAT IT BETTER TO GO AHEAD WITH THIS LETTER OF CREDIT AS WRITTEN, AND PRESUMABLY ACCEPTED BY OWNERS OF VANTAGE HORIZON, AND MAKE EXTRA TEN PERCENT AMENDMENT ON JAN 18, RATHER THAN PUT WHOLE PROCESS IN HOPPER AGAIN. REALISTICALLY, BELIEVE WE CANNOT EXPECT OWNERS TO GET NOTICE OF L/C OPENING BEFORE JAN 21 AT EARLIEST.

4. COMMENT: WE CONTINUE TO BELIEVE THAT GOE AGENCIES ARE WORKING DILIGENTLY ON PL 480 L/C PROBLEM, BUT EGYPTIAN BUREAUCRACY SEEMS INCAPABLE OF MOVING AS RAPIDLY AS WE WOULD WANT IN THESE CIRCUMSTANCES.

5. RECOMMENDATIONS: BELIEVE THERE ARE THREE THINGS WHICH WE CAN DO TO HELP. FIRST, WE CAN PRESENT MARTRANS WITH LANGUAGE FOR LETTERS OF CREDIT SO THERE WILL BE NO PROBLEM IN FUTURE WITH WORKINGS OR WITH TERMS. SECOND, USDA CAN ADVISE US OF UPCOMING SHIP LOADINGS SO THAT WE CAN BEGIN PRESSING MARTRANS BEFORE PROBLEM ARISES. THIRDLY, ADMITTEDLY A DRASTIC STEP, WE CAN CARRY THROUGH WITH THREATS TO STOP LOADING OR STOP UNLOADING TO PUT POINT ACROSS THAT WE MEAN BUSINESS.

6. ACTION REQUESTED: THAT EMBASSY BE PROVIDED WITH LANGUAGE FOR LETTER OF CREDIT BY JAN 20.
MAESTRONE

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